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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

Arizona Corporation Commission

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APR - 1 2002

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION) DOCKET NO. W-01427A-01-0487
OF LITCHFIELD PARK SERVICE) DOCKET NO. WS-01428A-01-0487
COMPANY FOR AN INCREASE IN ITS)
WATER AND WASTEWATER RATES FOR) **SETTLEMENT AGREEMENT**
CUSTOMERS WITHIN MARICOPA)
COUNTY, ARIZONA.)

Applicant Litchfield Park Service Company ("Applicant"), Intervenor Residential Utility Consumer Office ("RUCO"), City of Litchfield Park ("City") and Pebble Creek Properties Limited Partnership ("PPLP") and Arizona Corporation Commission, Utilities Division, staff ("Staff"), each a party (and collectively the "Parties") to Arizona Corporation Commission Docket Nos. W-01427A-01-0487 and SW-01428A-01-0487 captioned IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY FOR AN INCREASE IN ITS WATER AND WASTEWATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY, ARIZONA (the "Application"), hereby stipulate and agree to the following settlement provisions in connection with Applicant's request for adjustments to its rates and charges for water and wastewater utility service. The following terms and conditions of this Agreement are intended to resolve all the issues among the undersigned parties in a manner consistent with the public interest.

Terms and Conditions

The Parties to this Agreement include Applicant, Intervenor and Staff, who hereby agree to the following:

1. Statement of Intentions and Admissions. Applicant, Intervenor and Staff hereby agree that the purpose of this Agreement is to resolve contested matters in Docket Nos. W-01427A-01-0487 and SW-01428A-01-0487 in a manner consistent with the public interest. The

1 Parties further recognize that: (1) this Agreement acts as a procedural device to propose the
2 Parties' settlement terms to the Commission; and (2) this Agreement has no binding force or
3 effect until finally approved by an order of the Commission. Nothing contained in this
4 Agreement is an admission by any Party that any of the positions taken, or that might be taken by
5 each in this proceeding, is unreasonable or unlawful. In addition, acceptance of this Agreement
6 by any of the Parties is without prejudice to any position taken by any Party in these proceedings.

7 2. Settlement Schedule. Applicant, Intervenor, and Staff hereby agree that the settlement
8 concerning all financial and other accounting aspects of the Application reached between the
9 Parties is illustrated on the schedule attached hereto as Attachment A and incorporated herein by
10 this reference (the "Settlement Schedule"). Applicant, Intervenor, and Staff hereby
11 acknowledge and agree that the figures set forth in the Settlement Schedule are the result of
12 negotiation and do not necessarily reflect the position of any Party to this Agreement.

13 3. Adjusted Rate Base. Applicant, Intervenor, and Staff hereby agree to an adjusted
14 Original Cost Rate Base of \$5,909,975 for the Water Division, and \$8,691,827 for the
15 Wastewater Division, which shall be the respective Fair Value Rate Bases.

16 4. Total Revenue. Applicant, Intervenor, and Staff hereby agree to total revenues of
17 \$2,411,986 for the Water Division and \$2,198,361 for the Wastewater Division, which amount
18 includes an annual increase in revenues of \$728,383 and \$360,063 for the Water Division and
19 Wastewater Division, respectively.

20 5. Rate of Return. Applicant, Intervenor, and Staff hereby agree to an overall rate of return
21 of 8.535 percent, which is based on a cost of equity of 9.494 percent and a cost of debt equal to
22 5.770 percent. This agreed upon rate of return is the result of negotiation.

23 6. Depreciation Rates. Applicant, Intervenor, and Staff hereby agree that the Applicant
24 will use the Water and Wastewater Division depreciation rates as proposed by Staff in the Staff
Report of February 5, 2002, for the purpose of calculating and recording depreciation expense
for both Divisions. The implementation of these depreciation rates shall be retroactive to
January 1, 2002.

1 7. Rates and Rate Design. Applicant, Intervenor, and Staff hereby agree to the rate design
2 attached hereto as Attachment B and incorporated herein by this reference. The formal Tariff
3 incorporating these rates and charges is attached hereto as Attachment C.

4 8. Allocation Water Rate Tiers. Applicant will evaluate and consider the efficacy of adding
5 another inverted block to its Water Division rate design as part of its next rate application.

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8 include establishment of service, reconnection of service, NSF check charges, late charges and
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11 application, Applicant shall perform a study to refine its current 80/20 allocation of General and
12 Administrative Expenses between the Water and Wastewater Divisions. The analysis shall be
13 conducted on an account-by-account basis. Revised allocations will be reflected in future test-
14 year water and wastewater operating expenses.

15 11. NARUC Accounting. Applicant agrees to comply with AAC Rule R14-2-411(D) and
16 610 (D) by maintaining the NARUC system of accounting for water and wastewater utilities,
17 respectively.

18 12. Staff Authority. The Parties recognize that: (1) the Staff does not have the power to
19 bind the Commission; and (2) for purposes of settlement, the Staff acts in the same manner as a
20 party in proceedings before the Commission.

21 13. Commission Authority to Modify. Each provision of this Agreement is in consideration
22 and support of all other provisions, and expressly conditioned upon acceptance by the
23 Commission without material change; provided, however, that the Parties further recognize that
24 the Commission will evaluate the terms of this Agreement, and that after such evaluation the
Commission may require immaterial modifications to the terms hereof before accepting this
Agreement.

1 14. Commission Approval. In the event that the Commission adopts an order approving all
2 of the terms of this Agreement without material change, such action by the Commission
3 constitutes approval of the Agreement, and thereafter the Parties shall abide by its terms.

4 15. Effect of Modification by the Commission. In the event that any Party objects to any
5 modification to the terms of this Agreement made by the Commission in an order approving this
6 Agreement, such Party shall timely file an Application for Rehearing under A.R.S. § 40-253. In
7 the event that a Party does not file such an application, that Party shall be deemed: (i) to have
8 accepted any modifications made by the Commission; and (ii) to have conclusively and
9 irrefutably accepted that any modifications to the terms of this Agreement are not material and
therefore the Commission order does adopt the terms of this Agreement without material change.

10 16. Application for Rehearing. If any Party to this Agreement files an Application for
11 Rehearing and alleges that the Commission has failed to approve all terms of the Agreement
12 without material change, then such application shall be deemed a withdrawal of the Agreement,
13 and the Parties shall request a Procedural Order setting Applicant's original Application for
14 hearing. Such hearing shall be without prejudice to the position of any Parties, and this
15 Agreement and any supporting documents relating thereto shall not be admitted into evidence for
16 any purpose nor used by the Commission in its final consideration of the issues raised in this
Docket.

17 17. Appeal of Commission Decision. If a Party's Application for Rehearing alleges that the
18 Commission has failed to approve all terms of this Agreement without material change, and the
19 Application for Rehearing is denied, either by Commission order or by operation of law, and
20 such Party still objects to any modification to the terms of this Agreement made by the
21 Commission, that Party shall timely file an appeal of the Commission's decision pursuant to
22 A.R.S. § 40-254 or § 40-254.01, as appropriate. In the event that the Party does not file such an
23 appeal, it shall be deemed: (i) to have accepted any modifications made by the Commission; and
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18. Limitations. The terms and provisions of this Agreement apply solely to and are binding only in the context of the provisions and results of this Agreement and none of the positions taken in this Agreement by any of the Parties may be referred to, cited to, or relied upon by any other Party in any fashion as precedent or otherwise in any proceeding before the Commission or any other regulatory agency or before any court of law for any purpose except in furtherance of the purpose and results of this Agreement.

19. Definitive Text. The "Definitive Text" of this Agreement shall be the text adopted by the Commission in an order adopting substantially all the terms of this Agreement including all modifications made by the Commission in such order.

20. Severability. Each of the terms of the Definitive Text of this Agreement are in consideration and support of all other terms. Accordingly, such terms are not severable.

21. Support and Defend. The Parties pledge to support and defend this Agreement before the Commission. If this Agreement enters into force the Parties will support and defend this Agreement before any court or regulatory agency in which it may be at issue.

22. Counterparts. This Agreement shall be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the _____ day of March, 2002.

LITCHFIELD PARK SERVICE COMPANY

ARIZONA CORPORATION
COMMISSION UTILITIES DIVISION
STAFF

By: 

By: _____

Its: ATTORNEY

Its: _____

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By: [Signature]

Its: ATTORNEY

Its: ATTORNEY

1
2 RESIDENTIAL UTILITY CONSUMER
3 OFFICE

CITY OF LITCHFIELD PARK

4
5 By: Linda Finkler
6 Its: Director

By: _____
Its: _____

7 PEBBLE CREEK PROPERTIES
8 LIMITED PARTNERSHIP

9 By: _____
10 Its: _____

1
2 RESIDENTIAL UTILITY CONSUMER
3 OFFICE
4

CITY OF LITCHFIELD PARK

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6 Its: _____

By: _____
Its: _____

7 PEBBLE CREEK PROPERTIES
8 LIMITED PARTNERSHIP

9 By: Ann D. Jan
10 Its: Attorney

1 WILLIAM A. MUNDELL
CHAIRMAN
2 JIM IRVIN
COMMISSIONER
3 MARC SPITZER
COMMISSIONER

Arizona Corporation Commission

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AT CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

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10 Utility Consumer Office ("RUCO"), City of Litchfield Park ("City") and Pebble Creek
11 Properties Limited Partnership ("PPLP") and Arizona Corporation Commission, Utilities
12 Division, staff ("Staff"), each a party (and collectively the "Parties") to Arizona Corporation
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STAFF

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By: _____

Its: ATTORNEY _____

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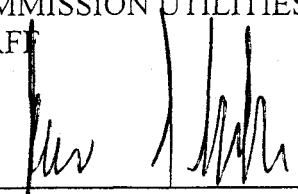
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ARIZONA CORPORATION
COMMISSION UTILITIES DIVISION
STAFF

By: 

By: 

Its: ATTORNEY

Its: ATTORNEY

RESIDENTIAL UTILITY CONSUMER
OFFICE

CITY OF LITCHFIELD PARK

By: Sindy Finkler
Its: Director

By: _____
Its: _____

PEBBLE CREEK PROPERTIES
LIMITED PARTNERSHIP

By: _____
Its: _____

RESIDENTIAL UTILITY CONSUMER
OFFICE

CITY OF LITCHFIELD PARK

By: _____
Its: _____

By: _____
Its: _____

PEBBLE CREEK PROPERTIES
LIMITED PARTNERSHIP

By: *Norm D. Jan*
Its: *Attorney*

LITCHFIELD PARK SERVICE COMPANY
ACC Docket Nos. W-01427A-01-0487 & SW-01428A-01-0487
Test Year Ended December 31, 2000

Settlement Summary

DESCRIPTION	TOTAL COMPANY	WATER DIVISION	SEWER DIVISION
Rate Base	\$14,601,802	\$5,909,975	\$8,691,827
Rate of Return Requirement	8.535%	8.535%	8.535%
Required Operating Income	\$1,246,264	\$504,416	\$741,847
Operating Income Deficiency	\$646,575	\$432,685	\$213,890
Revenue Conversion Factor	1.6834	1.6834	1.6834
Increase in Gross Revenues	\$1,088,446	\$728,383	\$360,063
Percentage Increase	30.91%	43.26%	19.59%

LITCHFIELD PARK SERVICE COMPANY
ACC Docket Nos. W-01427A-01-0487 & SW-01428A-01-0487
Test Year Ended December 31, 2000

Settlement Rates - Water Division

DESCRIPTION	RATE
MONTHLY SERVICE CHARGES:	
5/8" X 3/4" Meters	\$6.75
3/4" Meters	8.30
1" Meters	14.60
1 1/2" Meters	28.60
2" Meters	56.50
4" Meters	132.00
8" Meters	225.00
10" Meters	330.00
12" Meters	450.00
Construction Water - Hydrants	100.00
COMMODITY RATES:	
All Metered Usage Except Construction	
Water Sales:	
First 5,000 Gallons - Per 1,000 Gallons	\$0.87
Over 5,000 Gallons - Per 1,000 Gallons	\$1.32
All Construction Water - Per 1,000 Gallons	\$2.50
REFUNDABLE METER CHARGES:	
3/4" Meters	\$225.00
1" Meters	300.00
1 1/2" Meters	500.00
2" Meters	675.00
Service Lines & Meters Over 2"	Cost
Refundable Meter Deposit - Const. Water	\$1,500.00

LITCHFIELD PARK SERVICE COMPANY
ACC Docket Nos. W-01427A-01-0487 & SW-01428A-01-0487
Test Year Ended December 31, 2000

Settlement Rates - Sewer Division

DESCRIPTION	RATE
Monthly Residential Service	\$27.20
Multi-Unit Housing - Monthly Per Unit	\$25.25
Commercial:	
Small Commercial - Monthly Service	\$46.00
Measured Service:	
Regular Domestic:	
Monthly Service Charge	\$25.75
Rate Per 1,000 Gallons of Water	\$2.25
Restaurants, Motels, Grocery Stores & Dry Cleaning Establishments: (1)	
Monthly Service Charge	\$25.75
Rate Per 1,000 Gallons of Water	\$3.00
Wigwam Resort:	
Monthly Rate - Per Room	\$25.25
Main Hotel Facilities - Per Month	\$1,000.00
Schools - Monthly Service Rates:	
Elementary Schools	\$680.00
Middle Schools	800.00
High Schools	800.00
Community College	1,240.00
Effluent (2)	Market Rate

NOTES:

- (1) Motels without restaurants charged multi-unit monthly rate of \$25.25 per room
- (2) Maximum effluent rate shall not exceed \$430 per acre-foot based on a potable water rate of \$1.32 per thousand gallons.

LITCHFIELD PARK SERVICE COMPANY
ACC Docket Nos. W-01427A-01-0487 & SW-01428A-01-0487
Test Year Ended December 31, 2000

Other Rates and Service Charges - Settlement

DESCRIPTION	RATE
Establishment of Service - Regular Hours (1)	\$20.00
Establishment of Service - After Hours (1)	40.00
Re-Establishment of Service (1)	(2)
Reconnection - Regular Hours (1)	\$50.00
Reconnection - After Hours (1)	65.00
Water Meter Test (If Correct) (3)	25.00
Water Re-read (If Correct)	5.00
NSF Check Charge (1)	20.00
Deferred Payment Finance Charge - Per Month	1.50%
Late Charge (4)	1.50%
Service Calls - Per Hour/After Hours (5)	\$40.00
Deposit Requirements	(6)
Deposit Interest	3.50%

NOTES:

- (1) Service charges for customers taking both water and sewer service are not duplicative.
- (2) Months off system times minimum (R14-2-403D)
- (3) \$25.00 plus cost of test
- (4) 1.50% of unpaid balance
- (5) No charge for service calls during normal working hours
- (6) Per ACC Rules (R14-2-403D) - Residential - 2 times est. average bill
Commercial - 2 1/2 times est. average bill.

LITCHFIELD PARK SERVICE COMPANY

DOCKET W-01427 & WS-01428

TARIFF

Issued _____, 2002

Effective _____, 2002

ISSUED BY:

Dave Ellis, General Manager
Litchfield Park Service Company
111 W. Wigwam Blvd.
Litchfield Park, AZ 85340

60001.00000.19

Attachment C to Settlement Agreement

LITCHFIELD PARK SERVICE COMPANY

DOCKET W-01427 & WS-01428

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Issued _____, 2002

Effective _____, 2002

ISSUED BY:

Dave Ellis, General Manager
Litchfield Park Service Company
111 W. Wigwam Blvd.
Litchfield Park, AZ 85340

LITCHFIELD PARK SERVICE COMPANY

DOCKET W-01427 & WS-01428

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PART THREE – STATEMENT OF CHARGES WASTEWATER SERVICE

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ISSUED BY:

Dave Ellis, General Manager
Litchfield Park Service Company
111 W. Wigwam Blvd.
Litchfield Park, AZ 85340

DOCKET W-01427

Cancelling Sheet No.

Applies to all WATER service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

I. RATES

In Opinion and Order No. _____, dated _____, 2002, the Commission approved the following rates and charges to become effective with _____, 2002 usage.

<u>Meter Size</u> Inches	Usage Included in <u>Minimum Charge</u> Gallons	<u>Minimum</u> <u>Charge</u> Per Month
-----------------------------	---	--

A. General Residential, Commercial, Industrial, and Irrigation Service

5/8" x 3/4" Meter	-0-	6.75
3/4" Meter	-0-	8.30
1" Meter	-0-	14.60
1 1/2" Meter	-0-	28.60
2" Meter	-0-	56.50
4" Meter	-0-	132.00
8" Meter	-0-	225.00
10" Meter	-0-	330.00
12" Meter	-0-	450.00

The rate for use in addition to the minimum stated above shall be the same for all sizes of meters. Additional usage shall be at the following rate per 1,000 gallons:

<u>Consumption</u>	<u>Rate</u>
0-5,000	\$0.87
over 5,000	\$1.32

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Applies to all WATER service areas

PART ONE**STATEMENT OF CHARGES
WATER SERVICE****B. Construction Water¹**

	Usage Included in <u>Minimum Charge</u> Gallons	Minimum <u>Charge</u> Per Month
2" Hydrant Meter ²	-0-	\$100.00

The rate for use in addition to the minimum stated above shall be the same for all sizes of meter. Additional usage shall be at the rate of \$2.50 per 1,000 gallons.

(i) HYDRANT RELOCATION:

When a Construction Meter is relocated to another hydrant or agreed upon location at the request of the Customer, there shall be a \$50 charge.

(ii) ON PEAK USE PREMIUM:

No construction water shall be used during the Company's peak hour demand periods as set forth below unless specifically allowed by the Company in writing:

Daily 5:00 AM to 9:00 AM

Use of construction water during the above periods shall result in a usage premium of \$2,000 for the first incident and \$5,000 for the second incident. On the third incident, construction water service will be terminated and no longer available to that customer or site for a minimum of 180 days.

¹ Construction water service shall be provided as an "as available" basis and is subject to interruption if such service would adversely impact on the water systems operation.

² Hydrant meters shall have a non-interest bearing deposit of \$1,500.00, refundable upon return of meter in good condition and payment of final bill.

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Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES

WATER SERVICE

(iii) UNAUTHORIZED CONSTRUCTION WATER USAGE:

Any Developer, builder, contractor or subcontractor who uses water from a Company hydrant without first having formally requested such service and before paying the applicable charges under this Tariff, shall be subject to a stipulated water usage charge of \$1,000 for the first occurrence, and \$5,000 for the second and subsequent occurrences. The Company may refuse all water service to the property on which the unauthorized water usage occurred until the usage charge is paid and service properly established.

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Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

II. TAXES AND ASSESSMENTS

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-409(D)(5).

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Cancelling Sheet No.

Applies to all **WATER** service areas**PART ONE****STATEMENT OF CHARGES**
WATER SERVICE**III. ADDITIONAL CHARGES³**

- | | | |
|----|--|-------------------|
| A. | Establishment of Service | \$ 20.00 |
| | Per Rule R14-2-403D | |
| | (new customer charge, in addition to E, L and M below) | |
| | 1. If after hours | \$ 40.00 |
| B. | Re-establishment of Service | |
| | Per Rule R14-2-403D | Note ⁴ |
| | (same customer, same location within 12 months) | |
| C. | Reconnection of Service | \$ 50.00 |
| | Per Rule R14-2-403D | |
| | 1. If after hours | \$ 65.00 |
| D. | Charge for Moving Meter at Customer Request | Cost ⁵ |
| | Per Rule R14-2-405B | |

³ Additional charges authorized in Paragraph III A, B, C, H, I and J shall not be duplicated for dual service customers.

⁴ Number of months off system times the monthly minimum.

⁵ See Sheet No. 9.

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Applies to all WATER service areas**PART ONE****STATEMENT OF CHARGES**
WATER SERVICE

- E. Minimum Deposit Requirement
Per Rule R14-2-403B
1. Residential customer (2 times estimated average monthly bill)
2. Non residential customer (2-1/2 times estimated maximum monthly bill)
3. Deposit Interest (per annum) 3.5%
- F. Meter test per Rule, If correct \$25.00 plus cost of test
Per Rule R14-2-408F
- G. Meter Reread \$ 5.00
Per Rule R14-2-408C
- H. Charge for NSF Check \$ 20.00
Per Rule R14-2-409F
- I. Deferred Payment Finance Charge 1.5%
Per month

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Applies to all **WATER** service areas**PART ONE****STATEMENT OF CHARGES**
WATER SERVICE

J.	Late Payment Charge Per Month	See Notes ^{6 7 8}
K.	Service Calls, per hour After hours only	\$40.00 ⁹

⁶ 1.5% per month of unpaid balance.⁷ Bills for utility services are due and payable when rendered. Any payment not received within fifteen (15) days from the date the bill was rendered shall be considered delinquent and subject to the termination policy set forth in the Company's rate tariff. All Late Payment Charges shall be billed on the customer's next regularly scheduled billing. If the customer fails to pay the Late Payment Charge by the due date on the next billing, the customer will receive a ten (10) day termination notice. If the customer does not pay the Late Payment Charges by that date the service will be terminated. Service shall be terminated only for that service for which the customer is delinquent or is in violation of other Tariff or Rule provisions. All customers whose service is terminated for failure to pay the Late Payment Charges are subject to the Company's reconnection charges set forth in the Company's tariff.⁸ This charge shall not apply if the customer has arranged for a Deferred Payment Plan.⁹ For service problem found to be on Customer's side of meter. Company will not repair problem.

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Applies to all WATER service areas**PART ONE****STATEMENT OF CHARGES****WATER SERVICE****L. Meter Advance Policy^{10 11}****Advance^{12 13}**

3/4" Meter	\$225.00
1" Meter	\$300.00
1 1/2" Meter	\$500.00
2" Meter	\$675.00

Service Lines and Meters over 2" Cost¹⁴

M. Main Extension Tariff Cost¹⁴
Per Rule R14-2-406B

¹⁰ New Service is not available through 5/8" x 3/4" meters.

¹¹ The Meter Box/Vault will be provided by Company and installed by the Developer/Customer.

¹² The Developer or Customer shall install the service line from the main to the property line in accordance with Company construction standards. This cost may be refundable under a Main Extension Agreement.

¹³ Refundable per Rule R14-2-405B.

¹⁴ Per Sheet No. 9.

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Cancelling Sheet No.

Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

IV. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at costs, cost shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.

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DOCKET W-01427

Cancelling Sheet No.

Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES

WATER SERVICE

E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.

F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

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DOCKET W-01427

Cancelling Sheet No.

Applies to all **WATER** service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

I. CROSS-CONNECTION CONTROL

A. Purpose.

To protect the public water supply in the Company's water supply in the Company's water system from the possibility of contamination caused by backflow through unprotected cross-connections by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code, Title 14, Chapter 2, Section 405.B.6 as adopted by the Arizona Corporation Commission, and Title 18, Chapter 4, Section 115, as adopted by the Arizona Department of Environmental Quality, or Maricopa County Environmental Services Division, as those regulations may be revised from time to time.

B. Inspections.

The customers shall cooperate fully with the Company in its efforts to investigate and determine the degree of potential health hazard to the public water supply which may result from conditions existing on the customer's premises.

C. Requirements.

In compliance with the Rules and Regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

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Applies to all WATER service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

1. The Company may require a customer to pay for and have installed, maintain, test and repair a backflow-prevention assembly if A.A.C. R18-4-115.B or C applies.

2. A backflow-prevention assembly required to be installed by the customer under this tariff shall comply with the requirements set forth in A.A.C. R18-4-115.D and E.

3. The Company shall give any customer who is required to install and/or test a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is not applicable, the customer shall be given thirty (30) days in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, the Company or the Arizona Corporation Commission Staff may grant additional time for this requirement.

4. Testing shall be in conformance with the requirements of A.A.C. R18-4-115.F. and Maricopa County Environmental Services Division. The Company shall not require an unreasonable number of tests.

5. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:

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Cancelling Sheet No.

Applies to all **WATER** service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

- a. assembly identification number and description;
- b. location;
- c. date(s) of test(s);
- d. description of repairs made by tester; and
- e. tester's name and certificate number.

D. Discontinuance of Service.

In accordance with A.A.C. R14-2-407 and 410 and provisions of this tariff, the Company may terminate service or deny service to a customer who fails to install and/or test a backflow-prevention assembly as required by this tariff.

1. In the event the backflow-prevention assembly has not been installed or fails any test and A.A.C. R14-2-410.B.1.a. is applicable, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be installed and repaired by the customer and retested before service is restored.

2. In the event the backflow-prevention assembly has not been installed or fails any test and A.A.C. R14-2-410.B.1.a. is not applicable, the backflow-prevention assembly shall be installed and/or repaired by the customer and tested within fourteen (14) days of written notice by the Company. Failure to install or to remedy the deficiency or dysfunction of the assembly, or failure to retest shall be grounds for termination of water utility service in accordance with A.A.C. R14-2-410.

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Cancelling Sheet No.

Applies to all **WATER** service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

**II. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY
LIMITATIONS**

A. The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

III. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

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Cancelling Sheet No.

Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES
WASTEWATER SERVICE****I. RATES**

In Opinion and Order No. _____, dated _____, 2002, the Commission approved the following rates and charges to become effective with _____, 2002 billings:

<u>Description</u>	<u>Rate</u>
Residential Service – Per Month	\$ 27.20
Multiple Unit Service – Per Unit/Month	25.25
MUS – Wigwam – Per Unit/Month	25.25
Wigwam – Main Building	1,000.00
Elementary School	680.00
Middle School	800.00
High School	800.00
Community College	1,240.00

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Applies to all WASTEWATER service areas

PART THREE**STATEMENT OF CHARGES**
WASTEWATER SERVICE

Commercial:

Flat Rate Small Commercial – Per Month 46.00

Measured Service:

Regular Domestic:

Monthly Service Charge 25.75

Rate Per 1,000 Gallons of Water Usage 2.25

Restaurants, Motels, Grocery Stores & Dry Cleaners:

Monthly Service Charge 25.75

Rate Per 1,000 Gallons of Water Usage 3.00

Effluent or Reclaimed Water – Per Acre Foot Market Rate¹⁵

¹⁵ Maximum effluent rate shall not exceed \$430 per acre-foot based on a potable water rate of \$1.32 per thousand gallons.

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Cancelling Sheet No.

Applies to all WASTEWATER service areas

PART THREE**STATEMENT OF CHARGES**
WASTEWATER SERVICE**II. TAXES AND ASSESSMENTS**

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-608(D)(5).

III. ADDITIONAL CHARGES¹⁶

A.	Establishment of Service per Rule R14-2-603D (new customer charge, in addition to D, I and J below)	\$20.00 ¹⁷
1.	If after hours	40.00
B.	Re-establishment of Service per Rule R14-2-603D (same customer, same location within 12 months)	Note ¹⁸
C.	Reconnection of Service Per Rule R14-2-603D	50.00
1.	If after hours	65.00

¹⁶ Additional charges authorized in Paragraph III A, B, C, E, F and G shall not be duplicated for dual service customers.

¹⁷ Initial monthly billing under PART THREE I to new wastewater service for homes under construction shall commence no sooner than 30, and no more than 60 days after the water meter is installed. Wastewater billing to new service at existing locations shall be pro-rated from the start of service.

¹⁸ Number of months off system times the sum of the monthly minimum.

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Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES
WASTEWATER SERVICE**

D.	Deposit Requirement ¹⁹ per Rule R140-2-603B	
1.	Residential customer	(2 times estimated average monthly bill)
2.	Non-residential customer	(2-1/2 times estimated maximum monthly bill)
3.	Deposit Interest	3.5%
E.	Charge for NSF Check per Rule R14-2-608E ²⁰	\$20.00
F.	Deferred Payment Finance Charge, per month ²¹	1.5%

¹⁹ The Company does not normally require a deposit prior to the provision of service. However, if the service is not in the property owner's name, this deposit is required. Also in the event service is disconnected due to nonpayment, this deposit may be required.

²⁰ This charge shall not apply if wastewater service is paid with the same NSF check used to pay for water service for which a NSF fee is charged.

²¹ Deferred payments for wastewater service are only available if established in connection with deferred payments for water service under PART ONE, III(I) of this tariff.

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Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES
WASTEWATER SERVICE**

G.	Late Payment, Per Month, per Rule R14-2-608F	See Notes ^{22 23 24}
H.	Service Calls, per hour After hours only	\$40.00 ²⁵
I.	Service Lateral Connection Charge-All Sizes ²⁶	See Note ²⁷
J.	Main Extension Tariff, per Rule R14-2-606B	Cost ²⁸

²² 1.5% per month of the unpaid balances.²³ This charge shall not apply if the customer has arranged for a Deferred Payment Plan.²⁴ Bills for utility services are due and payable when rendered. Any payment not received within fifteen (15) days from the date the bill was rendered shall be considered delinquent and subject to the termination policy set forth in the Company's rate tariff. All Late Payment Charges shall be billed on the customer's next regularly scheduled billing. If the customer fails to pay the Late Payment Charge by the due date on the next billing, the customer will receive a ten (10) day termination notice. If the customer does not pay the Late Payment Charges by that date the service will be terminated. Service shall be terminated only for that service for which the customer is delinquent or is in violation of other Tariff or Rule provisions. All customers whose service is terminated for failure to pay the Late Payment Charges are subject to the Company's reconnection charges set forth in the Company's tariff.²⁵ For service problem found to be on Customer's side of lot line. Company will not repair problem.²⁶ The Customer/Developer shall install or cause to be installed all Service Laterals as a non-refundable contribution to the Company. Gross-up taxes, if any, shall be paid by the Company. The Company shall own the Service Lateral up to the Customer's property line. The Customer shall own the Service Lateral beyond that point. The Company shall maintain and operate the Service Lateral only from the connection to the main line in the street or right-of-way up to its interconnection with the Customer's Service Lateral at the edge of the right-of-way, beyond which maintenance is the Customer's responsibility²⁷ Per Sheet No. 24.

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Applies to all **WASTEWATER** service areas

PART THREE

STATEMENT OF CHARGES
WASTEWATER SERVICE

²⁸ All Main Extensions shall be completed at cost per Sheet No. 24 and shall be non-refundable Contributions-in-Aid-of-Construction.

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Applies to all **WASTEWATER** service areas

PART THREE

STATEMENT OF CHARGES
WASTEWATER SERVICE

K. Off-Site Facilities Hook-Up Fee-Wastewater

1. Applicability: In addition to any other Commission approved charges and requirements for Service Lateral Connection Charges and on-site facilities to be installed pursuant to Main Extension Agreements, the following Off-Site Facilities Hook-Up Fee is applicable to all new Service Connections located within property that is located in the Certificate of Convenience and Necessity Extension Areas of the Company for which Off-Site Facilities cost have not been paid by the Applicant under separate agreement. Extension Areas are defined as the geographic area added to the Company's Certificate of Convenience and Necessity by Commission Order after the effective date of this Tariff.
2. Purpose: To equitably apportion the costs of off-site wastewater facility development among all new Service Connections.
3. Definitions:

“Applicant” means any party entering into an agreement with Company for the installation of wastewater facilities to serve new Service Connections.

“Company” means Litchfield Park Service Company.

“Main Extension Agreement” means any agreement whereby an Applicant agrees to advance the costs of the installation of wastewater facilities to Company to serve new Service Connections, or install wastewater facilities to serve new Service Connections and transfer ownership of such wastewater facilities to Company.

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Cancelling Sheet No.

Applies to all **WASTEWATER** service areas**PART THREE****STATEMENT OF CHARGES**
WASTEWATER SERVICE

“Off-Site Facilities” means treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenance necessary for proper operation, including engineering and design costs. Off-Site Facilities may also include lifts stations, force mains, trunk collection mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of Applicant.

“Residential Equivalent Units” or “REU’s” mean the gallonage inflow to the Company’s treatment facilities generated by a single-family residential customer, 320 gallons per day.

“Service Connection” means and includes all Service Connections for single-family residential or other uses, regardless of service lateral size.

4. Off-Site Facilities Hook-Up Fee: Each new Service Connection shall pay the total Off-site Facilities Hook-up Fee based on the following:

4” Service Laterals	-	\$1,500 per service connection
All Commercial Properties or Non-Standard Residential Service Laterals	-	\$1,500 per REU

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Applies to all **WASTEWATER** service areas

PART THREE

STATEMENT OF CHARGES
WASTEWATER SERVICE

5. Terms and Conditions:

- A. Time of Payment: In addition to the amounts to be advanced pursuant to a Main Extension Agreement, the Applicant for new wastewater services shall pay the Company the Off-Site Facilities Hook-Up Fee as determined by service lateral size, number of connections or REU's of any commercial or non-standard residential facilities to be installed pursuant to the Main Extension Agreement. Payment of the Off-Site Facilities Hook-Up Fee shall be made at the time of execution of the Main Extension Agreement.
- B. Off-Site Facilities Hook-Up Fee Refund: The total Off-Site Hook-Up Fee amounts collected by the Company pursuant to the Off-Site Facilities Hook-Up Fees shall be refundable advances in aid of construction pursuant to Commission Rule for a period of fifteen (15) years equal to 10% of the total gross annual revenue from wastewater sales to each bona fide consumer whose service line is connected to main lines covered by a main extension agreement, after which the non-refunded balance shall become a contribution in aid of construction to the Company.
- C. Trust Account: All funds collected by the Company as Off-Site Facilities Hook-Up Fees shall be accounted for separately and used for the purpose of paying for the costs of Off-Site Facilities, including repayment of loans obtained for the installation of Off-Site Facilities.
- D. Disposition of Excess Funds: After all necessary and desirable Off-Site Facilities are constructed utilizing funds collected pursuant to the Off-Site Facilities Hook-Up Fee or the Off-Site Facilities Hook-Up Fee has been terminated by order of the Commission, any funds remaining shall be expended as approved by the Director of the Utilities Division of the Commission.
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ISSUED BY:

Dave Ellis, General Manager
Litchfield Park Service Company
111 W. Wigwam Blvd.
Litchfield Park, AZ 85340

DOCKET WS-01428

Cancelling Sheet No.

Applies to all WASTEWATER service areas

PART THREE

STATEMENT OF CHARGES
WASTEWATER SERVICE

IV. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, cost shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to the Company.

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PART FOUR

STATEMENT OF TERMS AND CONDITIONS
WASTEWATER SERVICE

I. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal Statutes and Regulations. Those Regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of the Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. The Company will require an affidavit from all commercial and industrial customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength.

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STATEMENT OF TERMS AND CONDITIONS
WASTEWATER SERVICE

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by the Company as it deems necessary. These facilities shall include but not be limited to sewers; sewage pumping plants; all processes; devices and connection sewers; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules. Inspections may include the collection of samples. Authorized personnel of the Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of the Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by the Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will

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PART FOUR

STATEMENT OF TERMS AND CONDITIONS
WASTEWATER SERVICE

be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Water Service for Violation of Wastewater Rules and Regulations

The Company is authorized to discontinue water service to any person connected to both its water and sewer systems who violates the Company's wastewater terms and conditions as set forth in this PART FOUR or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority does not apply to non-payment for water or wastewater services.

II. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

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